

# BMW China.

## Dealer Development.

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Dealer  
Development

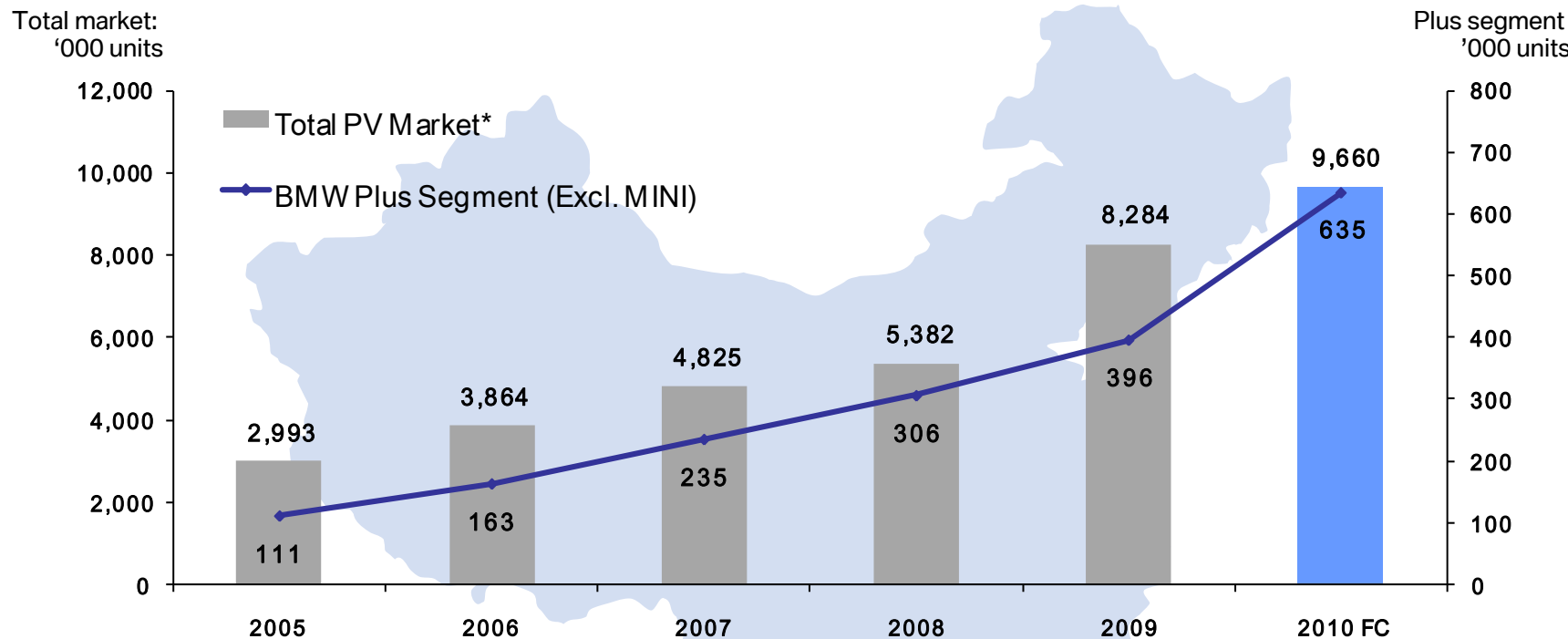
September 2010



Sheer  
Driving Pleasure

# China auto market overview.

Both total Passenger Vehicle (PV) market and plus segment have been growing quickly over the past years, but the plus segment has grown faster.



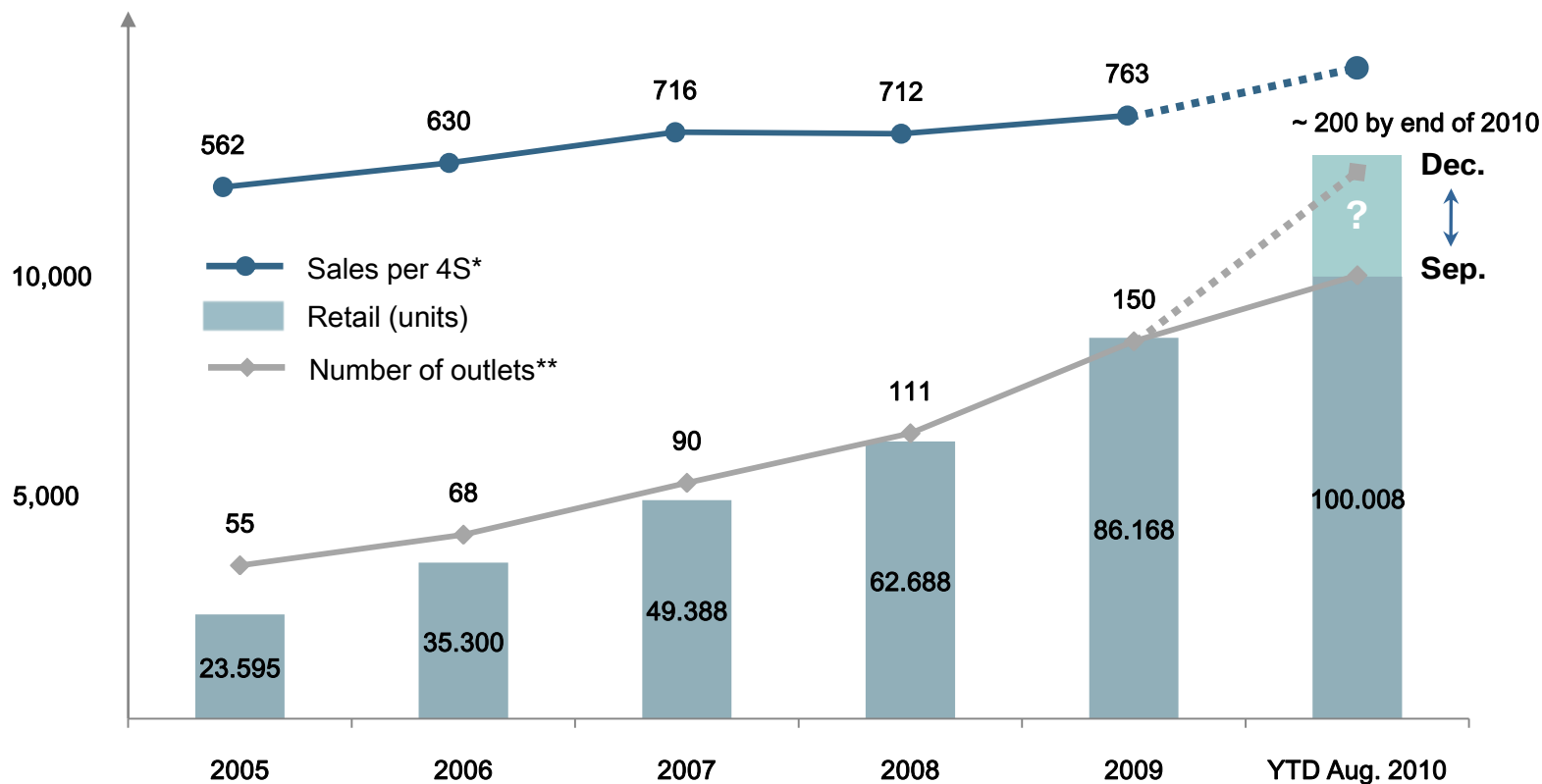
Total PV Market Growth	26.2%	29.1%	24.8%	11.5%	53.9%	35.3%
Plus Segment Growth	20.7%	46.8%	44.2%	30.2%	29.5%	88.2%
Share of Plus Seg.	3.7%	4.2%	4.9%	5.7%	4.8%	6.6%
						YTD August sales data

- Plus segment has been growing faster than the total market since 2006. However, it was slower than total market growth in 2009 because of the government auto stimulus package mainly supporting small displacement vehicles.
- Nevertheless, the plus segment grew faster again in 2010 when the economy recovered.

\* The total vehicle market including commercial vehicle is forecasted to be 15.6 mil in 2010 by J.D. Power.

## BMW dealer network overview.

BMW sales and outlets have grown continuously and sales per 4S has remained at an optimal level.



\* 4S dealership refers to sale, spare parts, service & survey.

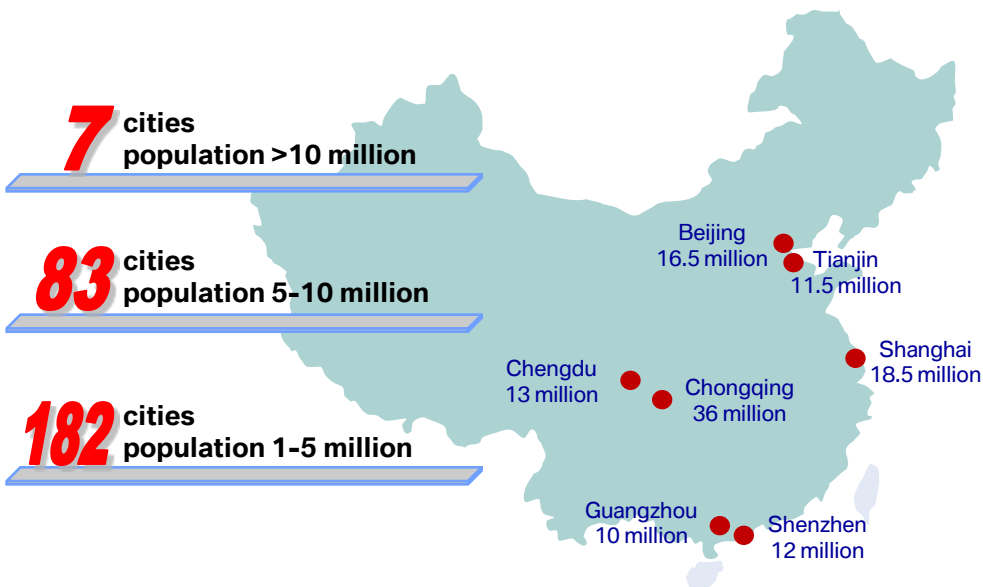
\*\* Outlets refer to 4S, Showroom, Service Center, Used Car Center, Service Only Outlet, etc.

- BMW has had a robust sales growth in China driven by a steady dealer network development. Sales per 4S also has kept at an optimized level.

## Network development.

China city development and urbanization lead to continuous market potential.

### China city brief introduction



### China urbanization forecast by 2025



Highly-developed areas Less-developed areas

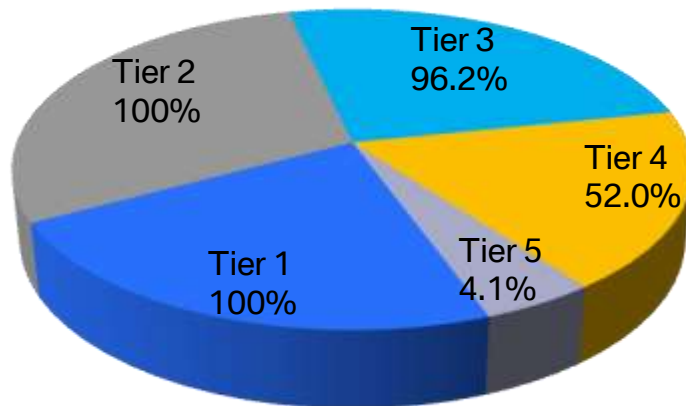
- Huge number of cities in China: 350 prefecture level cities and 100 county level cities
- City development level is quite different.
- 350 million people will be added to China's urban population by 2025 (more than the population of today's United States)\*.

**The scale of China's city and tendency of city urbanization promises a substantial market.**

## Network development.

**Network will expand at a fast pace with more penetration into tier 4 & 5.**

**BMW Network coverage by August 2010**



- Network development strategy varies in city tiers due to different characteristics.
- More outlet types will also be developed with different focuses on sales, after-sales and used car to meet customer demands and to improve customer satisfaction.

- From 2010 onwards, dealer network will be expanded at a faster pace.
- 30 to 40 outlets will be built up each year in the coming future.
- By 2015, BMW outlets will fully cover tier 3 and 4 cities. Penetration into tier 5 cities will also be increased.



## Network development.

**BMW has built up a world class premium standard network in China to become No. 1 in customer satisfaction.**

### Top standards for retail facilities

#### Facade



#### Showroom





## Network development.

**BMW has built up a world class premium standard network in China to become No. 1 in customer satisfaction.**

### Customer-orientated facilities

#### Rest lounge



#### Entertainment area



## Network development.

**BMW has built up a world class premium standard network in China to become No. 1 in customer satisfaction.**

### Efficient workshop



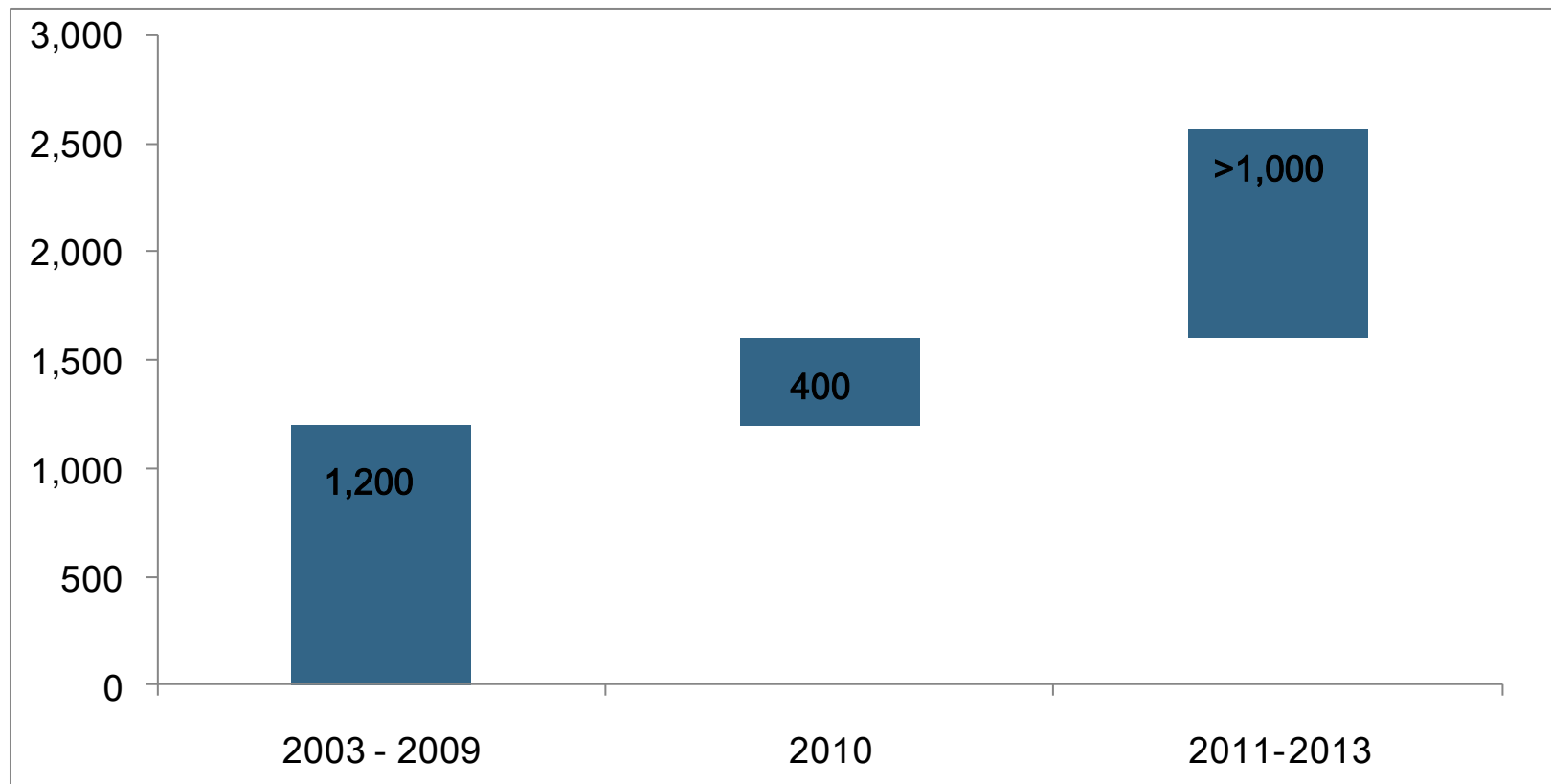


## Network investment – Facility.

**By 2010, the cumulated dealer network investment will reach ~1,600 million Euro; the additional investment in the coming 2 to 3 years is expected to reach over 1 billion Euro.**

Units: in Euro million

### Dealer network investment



## Network investment - Employees

**With sales growth and network development, more employees have joined BMW. Continuous increase expected to keep up with network expansion.**



**Sales growth and market potential require a substantial growth in staff at dealerships in order to provide a premium service to BMW customers.**

## Network investment – Training.

To meet the training needs from the network, 2 training centers & 4 training bases have been set up in China.

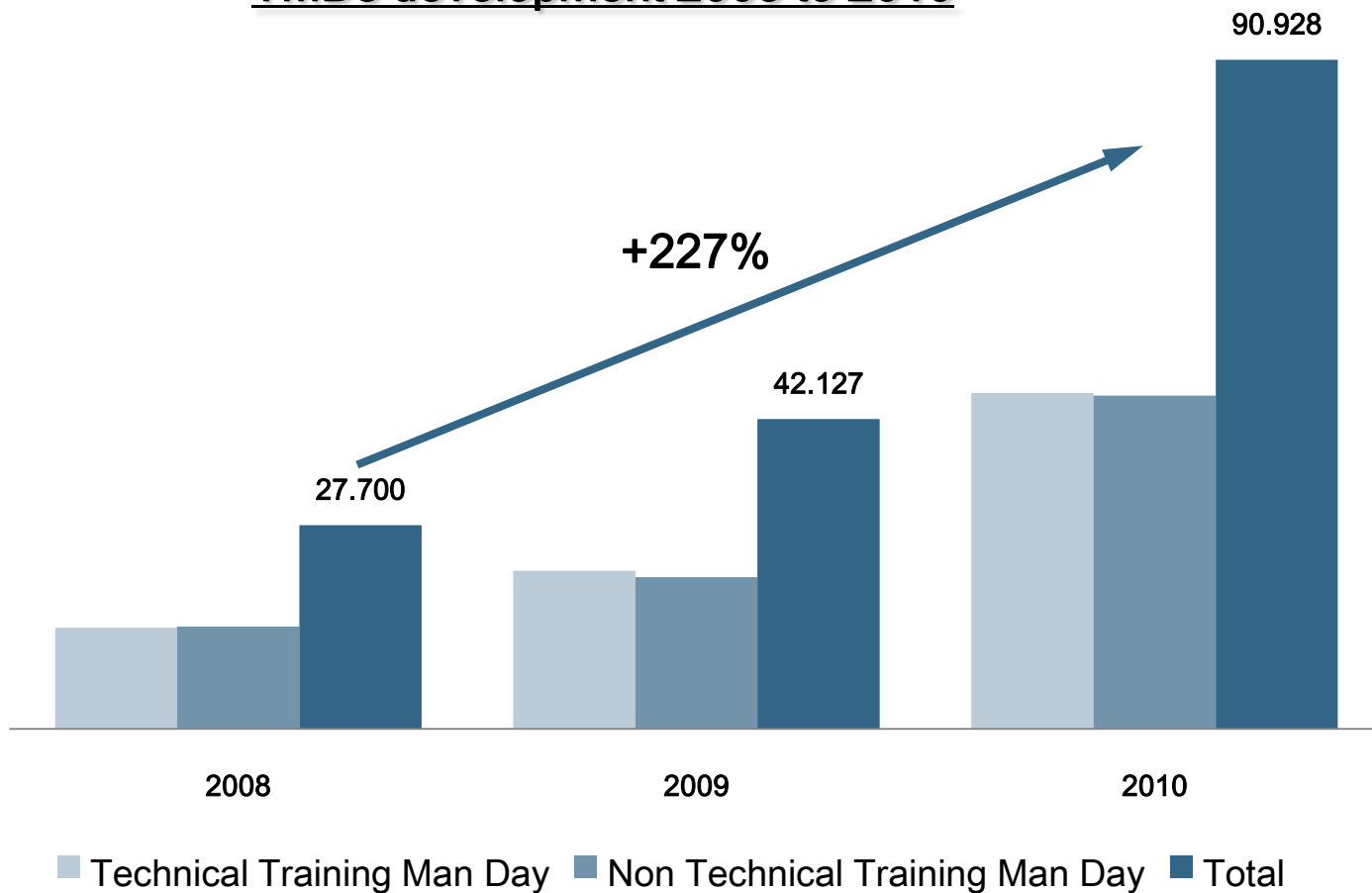


- Beijing Training Center: no extension possibility
- Shanghai Training Center: Self-built, with extension possibility
- Training Bases: Cooperation with Vocational Schools

## Network investment - Training.

The need for Training Man Days (TMDs) has shown rapid growth since 2008.

### TMDs development 2008 to 2010

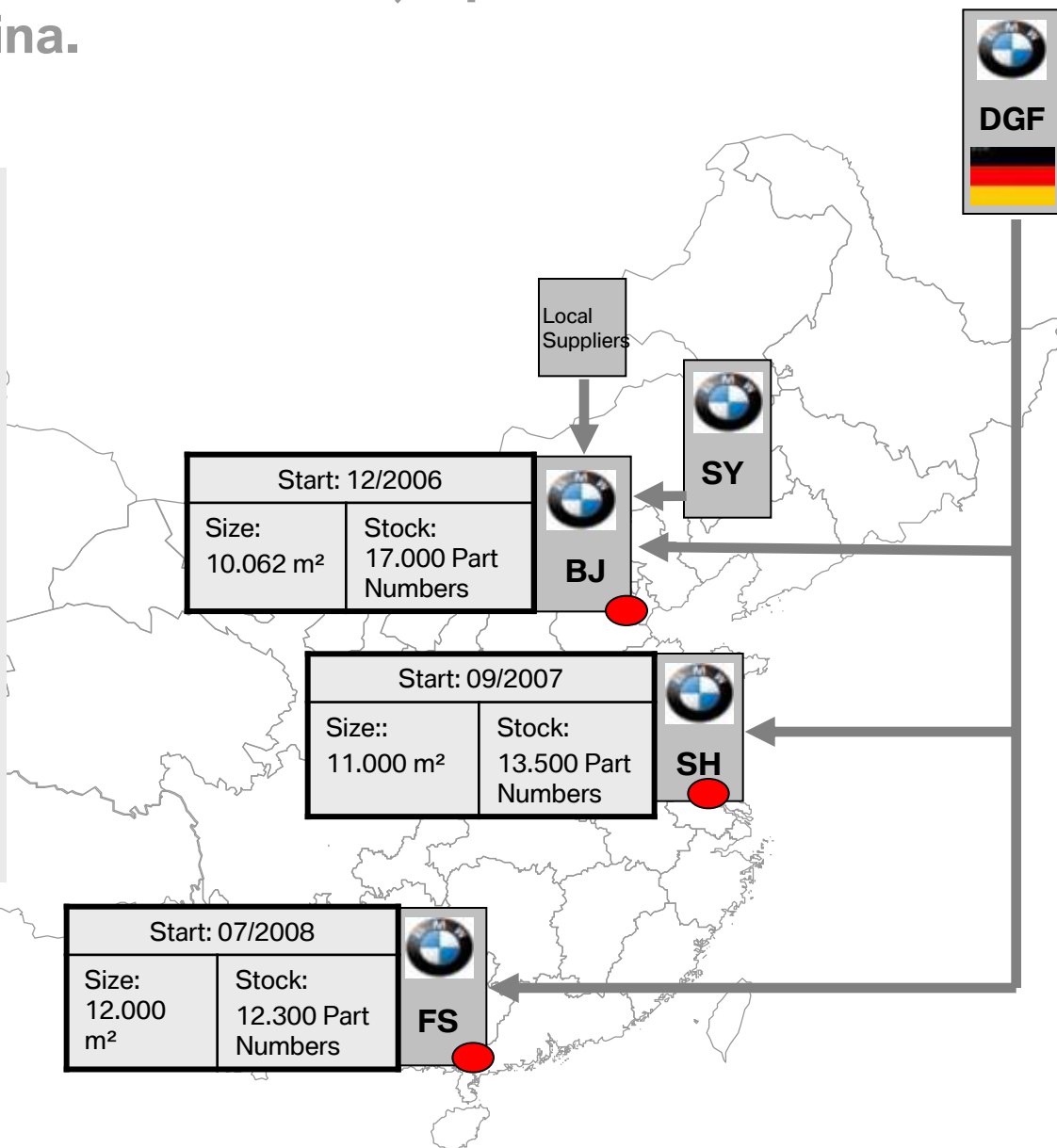


# Network investment – Regional Distribution Centers (RDCs).

## To increase customer satisfaction, 3 parts RDCs have been established in China.

### Delivery set-up

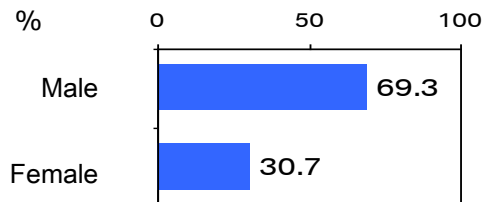
- RDC Beijing supplies North and Western China Dealers.
- RDC Shanghai supplies Central China Dealers.
- RDC Foshan supplies South China Dealers.
- RDCs in China are replenished by CDC DGF.
- Locally produced parts are replenished by Shenyang plant or local suppliers to RDC Beijing.



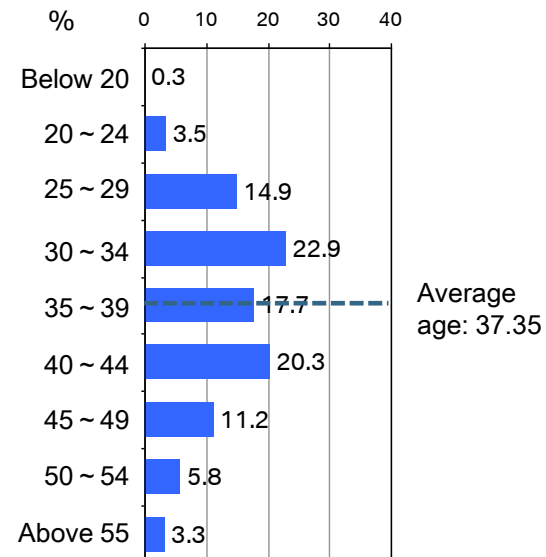
# BMW Customer Characteristics. \*

## Customer Profile.

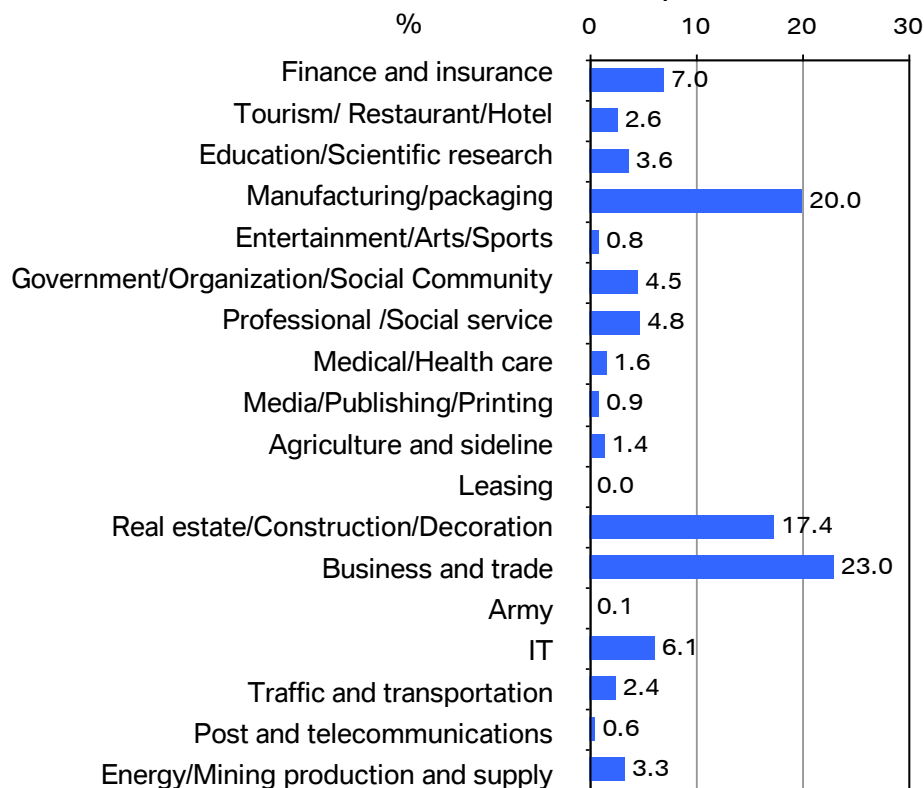
Customer Gender



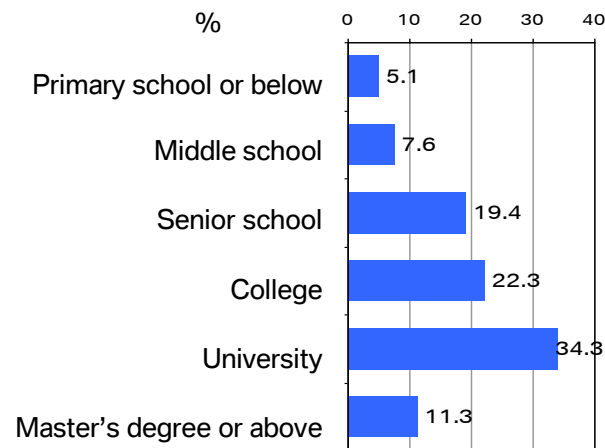
Customer Age



Customer Occupation



Educational Background



\* Sample size 1394. Sample customers owned car for less than 3 years.



# Customer orientated sales process.

## A dedicated sales process to drive sales and improve customer satisfaction.



# Customer Orientation.

## Fully dedicated to customer satisfaction.



BMW owners activities by dealer



Test Drive Experiences



Quality of work performed



Workshop lead-time



Product Quality

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Transparency of work and cost



Higher employee retention rate at dealers



Waiting time at car drop-off and pick-up



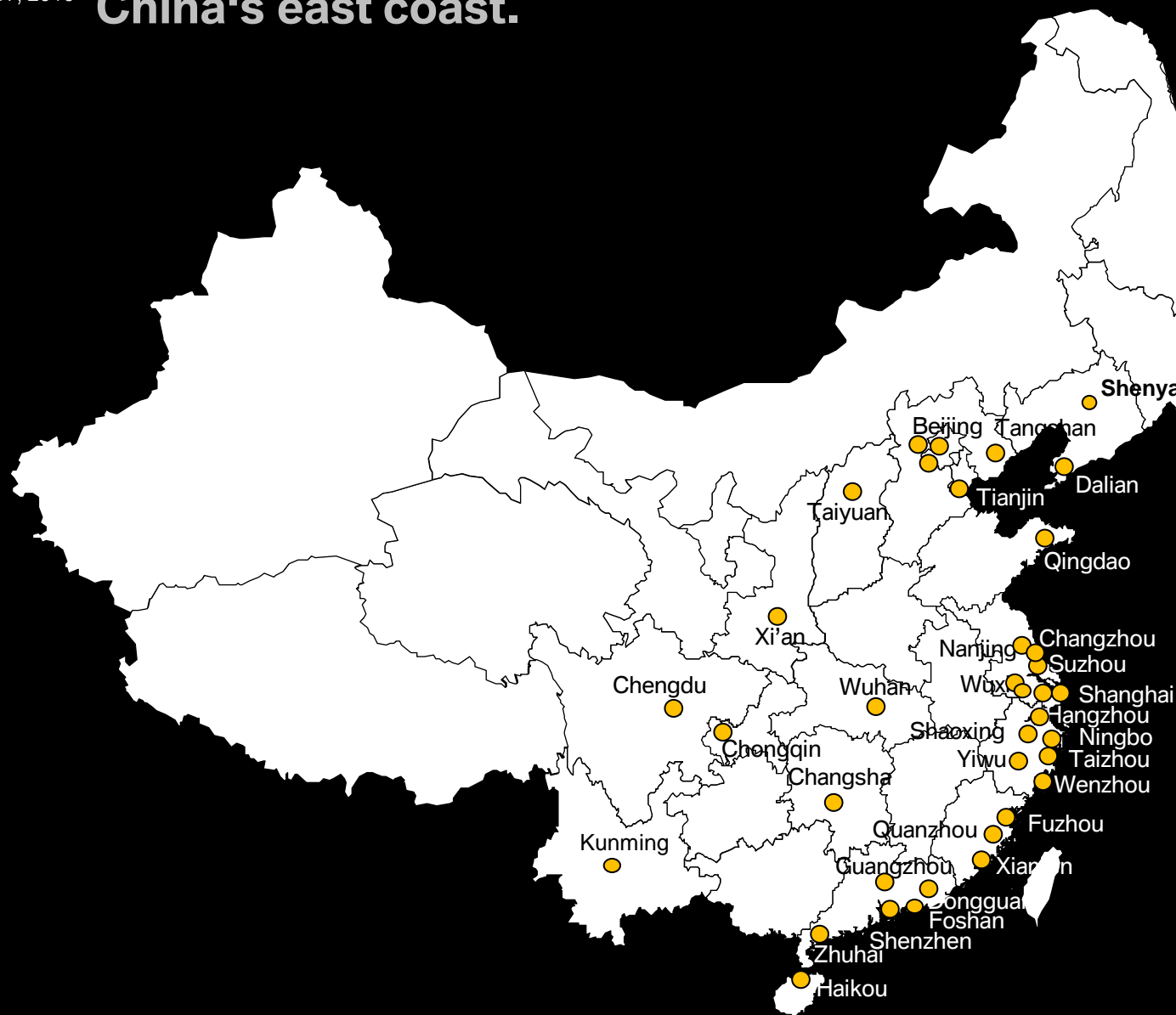
Efficient customer care & complaint handling



Competence of Service Advisor / Sales Consultant

## MINI network overview

By August 2010 there were 37 MINI showrooms in China and most are present in the highly developed cities alongside China's east coast.



# MINI network development

## Market growth demands MINI network progress.

- The China market potential demands MINI network develops at a faster speed.
- The 1<sup>st</sup> 4S dealership will be opened this year, and more 4S will be built up in tier 1 & 2 cities in the coming years.
- MINI outlet is expected to fully cover tier 2 and 3 cities by the end of 2015.
- To achieve customer satisfaction, service network will penetrate into tier 4 and 5 cities.

